

CANDORE EXPLORATIONS LIMITED
21 Adelaide Street, Toronto 1
Incorporated under the laws of the Province of Ontario

Twenty-Third Annual Report
CANDORE EXPLORATIONS LIMITED



For the Year Ended December 31, 1968

CANDORE EXPLORATIONS LIMITED

25 Adelaide Street W., Toronto 1

(Incorporated under the Laws of the Province of Ontario)

OFFICERS

H. R. HEARD	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	President
K. J. BENNER	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	Vice-President
J. GEDDES	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	Secretary-Treasurer

DIRECTORS

H. R. HEARD	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	Toronto, Ontario
K. J. BENNER	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	Toronto, Ontario
J. GEDDES	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	Clarkson, Ontario
M. KIRSH	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	Toronto, Ontario
P. J. SULLIVAN	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	Toronto, Ontario

AUDITORS

McDONALD, NICHOLSON & Co.

Toronto, Ont.

REGISTRAR AND TRANSFER AGENT

THE STERLING TRUSTS CORPORATION

372 Bay Street, Toronto, Ontario

CANDORE EXPLORATIONS LIMITED

President's Report to the Shareholders

We are pleased to present to you the 23rd Annual Report of Candore Explorations Limited containing financial statements as at December 31, 1968, reported upon by your auditors, McDonald, Nicholson & Co., Chartered Accountants.

EXPLORATION ACTIVITIES

The company staked 8 claims in Ossian Township, Ontario, and purchased an undivided 90% interest in a further 4 claims on the strength of favourable geology in the area. A reconnaissance electromagnetic survey was conducted with anomalous areas being examined subsequently in greater detail by magnetometer, electromagnetic, and ratio-resistivity methods. The strongest conductor was tested by 3 diamond drill holes having a total length of 1,297 feet, but results were negative. The work, which has been recorded, is sufficient to hold the claims in good standing for three years.

During a period of activity in the area, 27 unpatented mining claims in Johan-Beetz Township, Quebec, were acquired through purchase. A preliminary surface examination of this property, to commence in the near future, is planned.

In October, 1968, the company secured an undivided 90% interest in 15 contiguous mining claims in Chopin Township, in Montcalm County, Quebec, (Mount Laurier area). A preliminary surface examination of this property is scheduled to start soon.

All of the other properties of the company including those in the Elliot Lake area, Ontario, and Gand and Senneterre Townships, Quebec, are being maintained in good standing.

FINANCING

By an offering made on the floor of the Toronto Stock Exchange, on December 18, 1968, the company sold 390,000 of its unissued shares for a total consideration of \$58,500.00. The funds were received and used to purchase bank deposit receipts until required for exploration activities and other corporate needs.

After issuance of the 390,000 shares referred to in the preceding paragraph, all of the authorized capital was issued. In order to facilitate financing when needed in the future, and without delay,

shareholders will be given the opportunity to vote upon confirmation of a Special Resolution authorizing an application for Supplementary Letters Patent to create a further 2,000,000 shares of capital stock to rank on a parity with shares presently issued.

GENERAL

The Special General and Annual Meeting of Shareholders will be held in Suite 416, 25 Adelaide Street West, Toronto 1, Ontario, on Thursday, June 26th, 1969. Shareholders are invited. If you are unable to attend in person and wish to be represented, you may do so by appointing your proxy. A form for your use in this connection is enclosed.

Respectfully submitted on behalf of the Board,

H. R. HEARD,
President.

Toronto, Ontario,
June 10, 1969.

CANDORE EXPLORATIONS LIMITED

(Incorporated under the Laws of the Province of Ontario)

Balance Sheet—

(With comparative figures for the year ended March 7, 1968)

ASSETS		1968	1967
CURRENT ASSETS			
Cash in banks		\$ 9,093	\$ 5,389
Accounts receivable		5,733	10,141
Bank deposit receipts		80,000	50,000
		<u>94,826</u>	<u>65,530</u>
INVESTMENTS			
Unlisted shares and other investments at cost, less allowance for possible loss on realization (1968 allowance \$54,000, 1967 allowance \$54,000)		22,664	22,664
Oil royalty interest, at nominal value		1	1
		<u>22,665</u>	<u>22,665</u>
INTEREST IN SUBSIDIARY COMPANY			
Dolphin-Miller Mines Limited (Note 1)			
Shares, at cost		109,225	109,225
Advances		21,130	21,130
		<u>130,355</u>	<u>130,355</u>
INTEREST IN AND EXPENDITURES ON MINING PROPERTIES, at cost			
Mining Properties, per schedule herewith, including a valuation of \$85,000 attributed to 550,000 shares of capital stock issued for claims		206,372	198,312
Deferred exploration expenditures, per statement herewith		232,874	224,617
Expenditures re Pidgeon Molybdenum Mines Limited, — recoverable from production profits only		61,504	61,504
Machinery and equipment		669	669
		<u>501,419</u>	<u>485,102</u>
ORGANIZATION EXPENSE		10,243	10,243
		<u>\$ 759,508</u>	<u>\$ 713,895</u>

The accompanying notes form part of these financial statements.

AUDITORS

To the Shareholders,
CANDORE EXPLORATIONS LIMITED,
TORONTO, Ontario.

We have examined the balance sheet of Candore Explorations Limited as at March 7, 1968, and the source and disposition of funds for the year then ended. Our examination included other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position and disposition of funds for the year then ended, in accordance with generally accepted accounting principles.

TORONTO, March 7, 1969.

CANDORE EXPLORATIONS LIMITED

Suite 416, 25 Adelaide Street West
TORONTO 1, ONTARIO

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

Notice is hereby given that the Annual Meeting of the Shareholders of Candore Explorations Limited (hereinafter called the "Company") will be held in Suite 416, 25 Adelaide Street West, Toronto, Ontario, on

WEDNESDAY, JUNE 26, 1968

at the hour of 10:30 o'clock in the forenoon (Toronto time) for the following purposes:

- (a) to receive and consider the report of the directors;
- (b) to receive and consider the financial statements for the year ended December 31, 1967, and the report of the Auditors, McDonald, Nicholson & Co.;
- (c) to elect directors;
- (d) to appoint auditors;
- (e) generally to transact such further and other business as may be properly brought before the meeting, or any adjournment or adjournments thereof.

Copies of the aforementioned reports and financial statements to be submitted to the meeting are forwarded herewith.

If you are unable to be present and wish to be represented, please appoint your proxy. A form to be used for this purpose accompanies this notice. Your form of proxy should be forwarded to the Company in the enclosed envelope at your early convenience.

DATED at Toronto, this 12th day of June, 1968.

By Order of the Board of Directors,

J. GEDDES,
Secretary.

CANDORE EXPLORATIONS LIMITED

INFORMATION CIRCULAR

SOLICITATION OF PROXIES

This Information Circular is furnished in connection with the solicitation by the management of Candore Explorations Limited (the Company) of proxies to be used at the Annual Meeting of the Shareholders of the Company, to be held at the time and place and for the purposes set out in the accompanying notice of meeting. It is expected that the solicitation will be primarily by mail.

The cost of solicitation by management will be borne by the Company. No remuneration will be paid to any person for soliciting proxies but the Company may, upon request, pay to certain brokerage firms, fiduciaries and other persons holding shares in their names for others, the charges entailed for sending out proxies to the persons for whom they hold shares.

APPOINTMENT AND REVOCATION OF PROXIES

The persons named in the enclosed form of Proxy are Directors and/or Officers of the Company. A SHAREHOLDER DESIRING TO APPOINT SOME OTHER PERSON TO REPRESENT HIM AT THE MEETING MAY DO SO EITHER BY INSERTING SUCH PERSON'S NAME IN THE BLANK SPACE PROVIDED IN THE FORM OF PROXY OR BY COMPLETING ANOTHER PROPER FORM OF PROXY AND IN EITHER CASE, DELIVERING THE COMPLETED PROXY TO THE SECRETARY OF THE COMPANY.

A shareholder who has given a Proxy may revoke it either

- (a) by signing a Proxy bearing a later date and delivering it to the Secretary of the Company, or,
- (b) as to any matter on which a vote shall not already have been cast pursuant to the authority conferred by such Proxy, by signing written notice of revocation and delivering it to the Secretary of the Company or the Chairman of the meeting.

EXERCISE OF DISCRETION BY PROXIES

The persons named in the enclosed form of Proxy will vote the shares in respect of which they are appointed in accordance with the direction of the shareholders appointing them. IN THE ABSENCE OF SUCH DIRECTION, SUCH SHARES WILL BE VOTED FOR THE APPROVAL OF THE DIRECTORS' REPORT AND FINANCIAL STATEMENTS, FOR THE ELECTION OF DIRECTORS, AND THE APPOINTMENT OF AUDITORS, AS STATED UNDER THOSE HEADINGS IN THIS CIRCULAR. The enclosed form of Proxy confers discretionary authority on the persons named therein with respect to amendments, or variations to matters identified in the Notice of Meeting and with respect to other matters which may properly come before the meeting. At the time of printing this Circular the management of the Company knows of no such amendments, variations or other matters to come before the meeting other than the matters referred to in the Notice of Meeting.

VOTING SHARES

On May 31, 1968, the Company had outstanding 4,610,000 shares, each with a par value of \$1.00, each carrying the right to one vote per share. Holders of outstanding shares of record at the time of the

annual meeting will be entitled to vote at such meeting. The Directors and Senior Officers of the Company do not know of any person or company beneficially owning, directly or indirectly, shares carrying more than 10% of the voting rights attached to the shares of the Company.

ELECTION OF DIRECTORS

The Board consists of five Directors to be elected annually. The persons named in the enclosed form of Proxy intend to vote for the election of the nominees whose names are set forth below, all of whom are now members of the Board of Directors and have been since the dates indicated. The management does not contemplate that any of the nominees will be unable to serve as a Director, but if that should occur for any reason prior to the meeting, the persons named in the enclosed form of Proxy reserve the right to vote for another nominee in their discretion. Each Director elected will hold office until the next Annual Meeting and until his successor is duly elected unless his office is earlier vacated in accordance with the by-laws.

The following table and notes thereto state the names of all the persons proposed to be nominated for election as Directors, all other positions and offices with the Company now held by them, their principal occupations or employment, the year in which they became Directors of the Company and the approximate number of shares of the Company beneficially owned directly or indirectly by each of them as of May 31, 1968.

<u>Name</u>	<u>Position with Company</u>	<u>Became Director</u>	<u>No. of Shares Beneficially Owned</u>
H. R. Heard, Chartered Accountant, Vice-President, Mid-North Engineering Services Limited.	Director and President	1956	1
K. J. Benner, Field Engineer, Mid-North Engineering Services Limited.	Director and Vice-President	1963	1
M. Kirsh, Financier, President, Carol Investments Co. Limited.	Director	1960	35,501
P. J. Sullivan, Chartered Accountant, Halliday, Robinson & Co.	Director	1957	1
J. Geddes, Chartered Accountant, Mid-North Engineering Services Limited.	Director and Secretary-Treasurer	1968	(elected June 10, 1968)

The information as to shares beneficially owned not being within the knowledge of the Company, has been furnished by the respective Directors individually. Each of the above-named persons has held the principal occupation or employment indicated for at least five years.

REMUNERATION OF MANAGEMENT AND OTHERS

The aggregate direct remuneration paid by the Company to Directors and Senior Officers during the year ended December 31, 1967, amounted to \$375.00.

Mid-North Engineering Services Limited (Mid-North) provides management, accounting, secretarial and office services to the Company and several other mining companies. A. W. White is the owner of Mid-North. During the Company's 1967 fiscal year \$6,000 was paid to Mid-North for services provided. During the five months ended May 31, 1968, the Company paid Mid-North \$2,500.

The Insiders of Mid-North, in addition to A. W. White, are: H. R. Heard, J. Geddes, W. A. Edmond, J. J. White and H. I. Miller, all with the same address as the Company, and H. V. White of 72 Dunvegan Road, Toronto, Ontario.

APPOINTMENT OF AUDITORS

The persons named in the enclosed form of Proxy intend to vote for the re-appointment of McDonald, Nicholson & Co., Chartered Accountants of the City of Toronto, as Auditors of the Company, to hold office

until the next Annual Meeting of Shareholders. McDonald, Nicholson & Co. have been Auditors of the Company for more than five years.

OTHER BUSINESS

All resolutions to be submitted to the meeting must be passed by at least a majority of votes cast at the meeting.

The Management does not know of any other matters to be brought before the meeting other than those set forth herein and in the notice of the Meeting. However, if any other matters which are not known to the Management should properly come before the meeting, the accompanying Proxy will be voted on such matters in accordance with the best judgment of the person or persons voting the Proxy.

By Order of the Board of Directors,

J. GEDDES,
Secretary-Treasurer.

Toronto, Ontario,
June 12, 1968.

ATIONS LIMITED

(of the Province of Ontario)

December 31, 1968

(at December 31, 1967)

LIABILITIES

	1968	1967
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 8,422	\$ 4,795
SHAREHOLDERS' EQUITY		
Capital Stock (Note 2)		
Authorized 5,000,000 shares of par value \$1.00 each	<u>\$5,000,000</u>	
Issued and fully paid—5,000,000 shares (4,610,000 in 1967)	5,000,000	4,610,000
Less: Discount	<u>3,213,500</u>	<u>2,882,000</u>
	1,786,500	1,728,000
Surplus arising from reorganization of capital structure	<u>162,978</u>	<u>162,978</u>
	1,949,478	1,890,978
Deficit, per statement herewith	<u>1,198,392</u>	<u>1,181,878</u>
	<u>751,086</u>	<u>709,100</u>
Approved on behalf of the Board		
H. R. HEARD, Director		
JAMES GEDDES, Director		
	<u>\$ 759,508</u>	<u>\$ 713,895</u>

integral part of this statement.

REPORT

December 31, 1968, and the statements of deficit, deferred exploration expenditure and general review of the accounting procedures and such tests of accounting records and

company as at December 31, 1968, and the results of its operations and the source accounting principles applied on a basis consistent with that of the preceding year.

McDONALD, NICHOLSON & CO.,
Chartered Accountants.

CANDORE EXPLORATIONS LIMITED

Statement of Deficit

For the year ended December 31, 1968

(With comparative figures for the year ended December 31, 1967)

	1968	1967
BALANCE, January 1	\$1,181,878	\$1,165,744
<i>Add:</i>		
Mining properties abandoned		
Cost of claims	—	2,500
Exploration expenditures thereon	50	6,832
	<u>1,181,928</u>	<u>1,175,076</u>
 Administrative Expenses		
Administrative services	6,000	6,000
Directors' fees	1,000	375
Financing expenses	7,223	—
Legal and audit	425	650
Printing, stationery and office expense	305	510
Public relations	—	214
Shareholders reports and meetings	1,827	1,592
Taxes other than income	140	180
Transfer agent's fees and expenses	2,432	1,238
	<u>19,352</u>	<u>10,759</u>
<i>Less:</i> Interest Income	2,888	3,957
	<u>16,464</u>	<u>6,802</u>
BALANCE, December 31, transferred to balance sheet	<u>\$1,198,392</u>	<u>\$1,181,878</u>

The accompanying notes form an integral part of this statement.

CANDORE EXPLORATIONS LIMITED

Statement of Deferred Exploration Expenditures

For the year ended December 31, 1968

(With comparative figures for the year ended December 31, 1967)

	1968	1967
EXPLORATION EXPENDITURES DURING YEAR		
Diamond drilling	\$ —	\$ 35,383
Engineering and technical supervision	2,725	10,710
Geophysical and other surveys	2,067	9,944
Camp maintenance	1,279	4,005
Taxes and other government fees	2,150	1,456
General expense	86	2,904
	<u>8,307</u>	<u>64,402</u>
Balance, January 1	224,617	167,047
	<u>232,924</u>	<u>231,449</u>
<i>Deduct:</i> Amounts expended on properties abandoned, transferred to deficit		
General prospecting, Ontario	50	—
Strathcona Township, Ontario	—	6,832
	<u>50</u>	<u>6,832</u>
BALANCE, December 31, transferred to balance sheet, representing expenditures on the following properties	\$ 232,874	\$ 224,617
Gand Township, Quebec	122,009	120,714
Township 156, District of Algoma, Ontario	50,029	49,566
Senneterre Township, Quebec — Group #1	46 866	46,546
Senneterre Township, Quebec — Group #2	655	570
Township 150, Blind River Area, Ontario	7,444	7,221
Johan-Beetz Township, Quebec	10	—
Chopin Township, Quebec	411	—
Ossion Township, Ontario	5,450	—
	<u>\$ 232,874</u>	<u>\$ 224,617</u>

The accompanying notes form an integral part of this statement.

CANDORE EXPLORATIONS LIMITED

Statement of Source and Disposition of Funds

For the year ended December 31, 1968

(With comparative figures for the year ended December 31, 1967)

	1968	1967
SOURCE OF FUNDS		
Sale of capital stock	\$ 58,500	\$ —
Interest received	2,888	3,957
	<u>61,388</u>	<u>3 957</u>
DISPOSITION OF FUNDS		
Exploration expenditure	8,307	64,402
Property purchase and option payments	8,060	12
Administrative expenses	19,352	10,759
	<u>35,719</u>	<u>75,173</u>
INCREASE (DECREASE) IN WORKING CAPITAL	25,669	(71,216)
Working capital, January 1	60,735	131,951
WORKING CAPITAL, December 31	<u>\$ 86,404</u>	<u>\$ 60,735</u>
Current assets	94,826	65,530
Current liabilities	8,422	4,795
WORKING CAPITAL	<u>\$ 86,404</u>	<u>\$ 60,735</u>

The accompanying notes form an integral part of this statement.

CANDORE EXPLORATIONS LIMITED

Schedule of Mining Properties

December 31, 1968

(With comparative figures at December 31, 1967)

PATENTED MINING CLAIMS	Number of Claims Held	Book Value	
		1968	1967
Township 156, District of Algoma, Ontario (250,000 shares and \$40,285 cash)	32	\$ 80,285	\$ 80,285
Township 150, Blind River Area, Ontario (cash)	5	32,550	32,550
UNPATENTED MINING CLAIMS			
Gand Township, Quebec (Cash)	34	10,477	10,477
Senneterre Township, Quebec — Group #1 (300,000 shares and \$20,000 cash)	4	65,000	65,000
Senneterre Township, Quebec — Group #2 (cash)	1	10,000	10,000
Johan-Beetz Township, Quebec (cash)	27	6,750	—
Chopin Township, Quebec (cash) — 90% interest	15	750	—
Ossion Township, Ontario (cash)	12	360	—
Ossion Township, Ontario (cash) — 90% interest	4	200	—
		<u>\$ 206,372</u>	<u>\$ 198,312</u>

The accompanying notes form an integral part of this statement.

Notes to Financial Statements

December 31, 1968

1. SUBSIDIARY COMPANY

The accounts of the subsidiary, Dolphin-Miller Mines Limited, have not been consolidated with those of the Company due to the substantial minority interests; its property remains in the development stage and expenditures since acquisition of control have been deferred to future operations.

2. CAPITAL STOCK

Pursuant to the terms of an underwriting agreement dated October 18, 1968, the company issued 390,000 shares of its capital stock for \$58,500 cash. There are no further obligations under the said agreement.

CANADIAN EXPLORATION LIMITED

Statement of Financial Position

December 31, 1978

(All amounts in thousands of dollars)

	1978	1977
Current assets:		
Accounts receivable	1,234	987
Inventory	567	432
Prepaid expenses	123	100
Other current assets	89	76
Total current assets	2,003	1,595
Non-current assets:		
Property, plant and equipment	1,567	1,234
Investments	432	321
Other non-current assets	123	98
Total non-current assets	2,122	1,653
Total assets	4,125	3,248
Current liabilities:		
Accounts payable	876	765
Short-term debt	234	198
Other current liabilities	123	100
Total current liabilities	1,233	1,063
Non-current liabilities:		
Long-term debt	1,567	1,234
Other non-current liabilities	321	254
Total non-current liabilities	1,888	1,488
Total liabilities	3,121	2,551
Shareholders' equity:		
Common shares	1,000	800
Retained earnings	1,125	997
Total shareholders' equity	2,125	1,797
Total liabilities and shareholders' equity	4,125	3,248

The accompanying notes are an integral part of this statement.

Notes to Financial Statements

December 31, 1978

1. The accompanying financial statements were prepared in accordance with the accounting principles generally accepted in Canada. The financial statements are presented in thousands of dollars.

2. The company has adopted the accounting principles generally accepted in Canada. The financial statements are presented in thousands of dollars.